



Connecting to Customers

The power of market
connected strategies

John Lawrence

Agenda

- ❑ What are market connected strategies
- ❑ Why are they important
- ❑ Who does this well
- ❑ What are the key elements to doing this
- ❑ Is there value for my organization

Strategies

- Traditional approaches to marketing
- What are market connected strategies

Strategic direction derived from the organization's customers

- Based on a customer in vs. product out approach
- Taking customers where they want to go

Systems Excellence



Facts About Customer Behavior

1. Dissatisfied customers tend not to complain.
2. Complaints often do not directly identify the cause of the problem.
3. Retail, field sales, and service systems filter and discourage complaints.
4. Brand loyalty can be retained by merely getting customers to articulate their problems.
5. Increasing the ease of access to the provider can reduce the complaint ratio (multiplier).
6. The propensity to complain is directly proportional to the perceived severity of the problem and damage to the respondent.
7. Complainers tend to be the heaviest users of the product or service.
8. Customers whose complaints remain unresolved tell 20 other people.

SOURCE: TARP Study as reported in January
2003 edition of Quality Progress

Who Does This Well

Who connects well with customers and on what level . . .

- Mass Marketing Coke, Nike
- Target Marketing Daimler-Benz
- Market Cells Mail Order, Credit
Card Companies
- Target & Mass Toyota

Marketing is finding, keeping, and growing profitable customers – P. Kotler

Simple Truths

- Any person who has bought from you is more valuable than any ten prospects who might someday, or never, make a purchase.
- An unhappy customer can tell you more priceless information about your business than the most expensive market research.

Upside-Down Marketing: George Walter

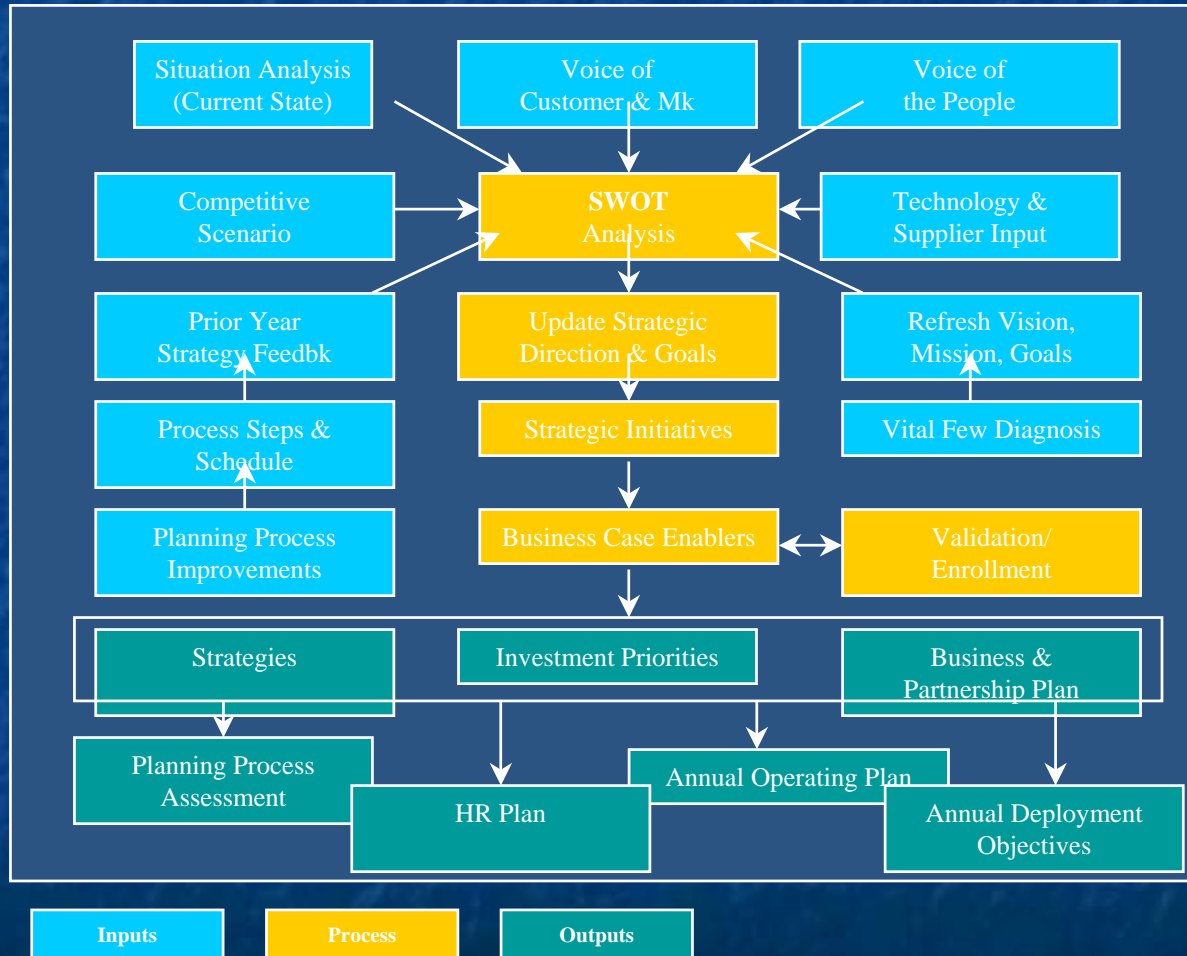
Key Factors

What are the elements of a market connected strategy . . .

- Strategic Objectives: what are the vital few things that need to be done to achieve success.
- In what direction are our customers moving?
- In what direction is our competition moving?
- In what direction is the market moving?
- What kind of company do we want to be?

Strategy Development Process

How do the best companies do this . . .



Questions on Strategy

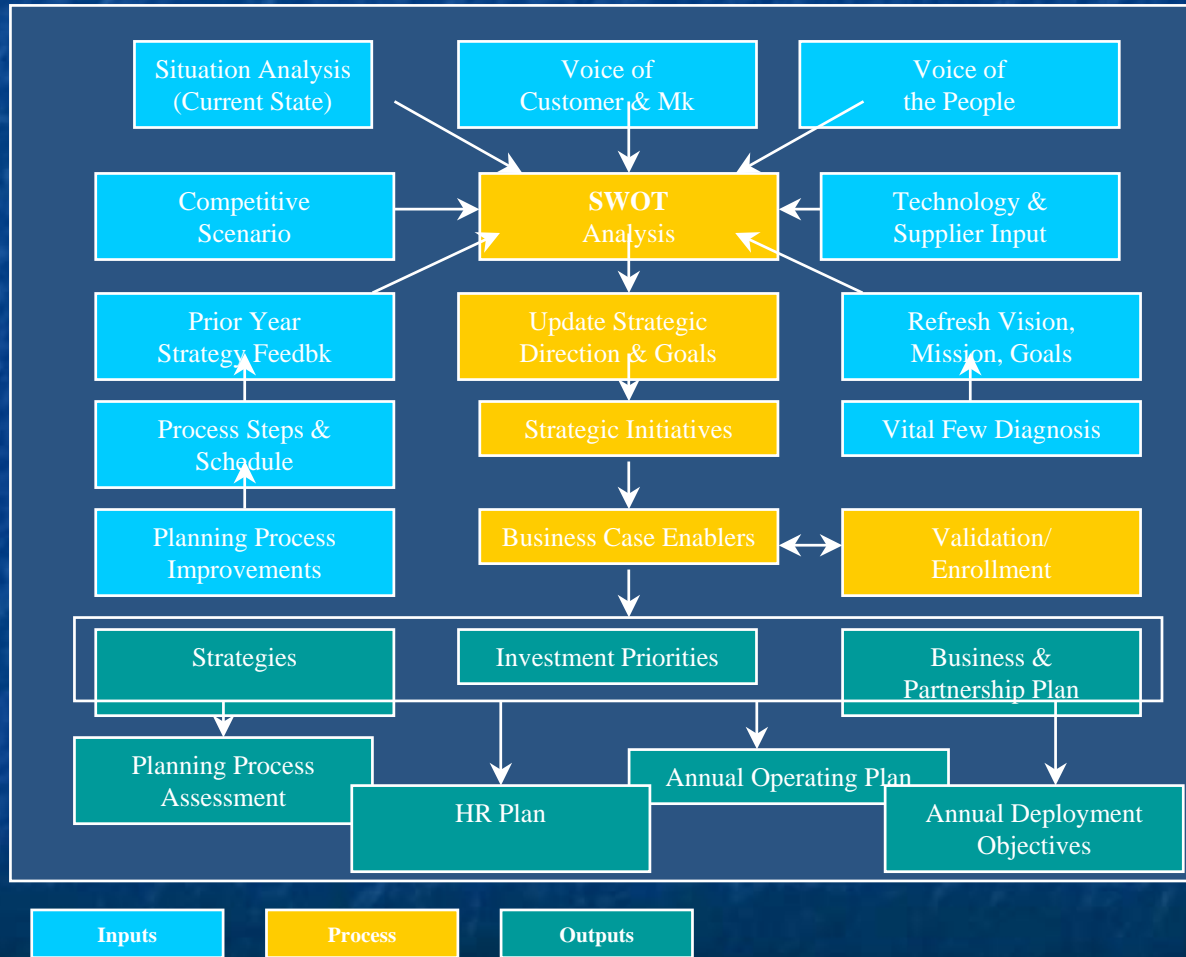
1. What are the organization's strategic challenges? Identify 3
2. How does your organization conduct its strategic planning? Is there a process?
3. How does the organization address blind spots?
4. How does the organization address SWOT?
5. How are early shifts in technology, markets, competition, and regulatory requirements identified and addressed – is there a process?

Connecting with the Customer

1. How does the organization identify customers and segment them?
2. What approach does the organization take to listen and learn about requirements and changing expectations?
3. How are win/loss data, customer complaints, customer satisfaction and competitive information used?
4. How are relationships built and maintained?
5. How is loyalty achieved?
6. How does this information get into strategy development?

Strategy Development Process

Incorporating learning back into the process . . .



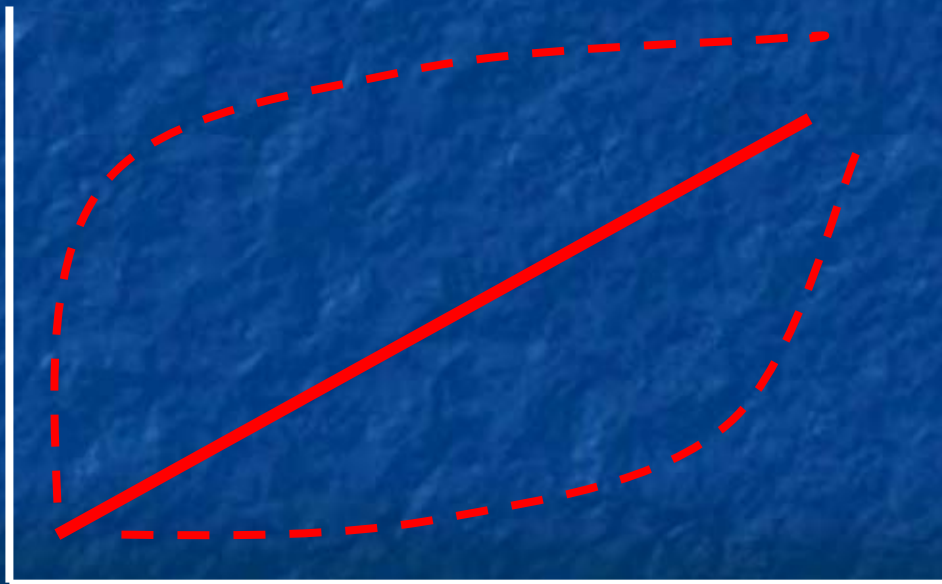
Linkages

Maintaining the linkage from strategy to execution



Strategic Milestones

How do we know we're making the progress we need to make . . .



Customer Loyalty

Stages of Customer Loyalty*

- Confidence
- Integrity
- Pride
- Passion

* From Research Work done by The Gallup Org.

Questions

1. List several problems that customers have with your product or service and suggest a solution – what opportunities present themselves?
2. How well organized is your company for stimulating and collecting new product and service ideas?

Identifying Opportunities

- **3 Situations that give rise to market opportunities**
 - 1. Supplying something in short supply**
 - 2. Supplying an existing product or service in a new or superior way**
 - 3. Supplying a new product or service**

Value Proposition & Pricing

Value

- Best Quality
- Best Performance
- Most Reliable
- Safest
- Fastest
- Least Expensive
- Most Prestigious
- Easiest to use
- Most Effective

Pricing

- More for More
- More for the same
- The same for less
- Less for much less
- More for less

11 Make or Break Questions for a “Fast” Company

1. Does your company create an emotional bond with its customers?
2. Does your strategy stand out from the crowd?
3. Is your company a fun place to work – and a fun organization to do business with?
4. Are you built to change?
5. Do you embrace the value of values?
6. Are you as disciplined as you are creative?
7. Are you winning the battle for talent?
8. Do you use technology to change expectations and reshape your business?
9. Are you built for speed?
10. Have you built a company of leaders?
11. Can you scale?

Critical Success Factors

- **Business/Organizational Objective**
- **The two enablers**
 - **New customers**
 - **Retained customers**
 - **Loyal customers**
- **Linkages from strategy to execution**

Companies that continue to sell only in the old ways will slowly vanish from the marketplace.

Philip Kotler

Thank You